

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
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FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 2688
INFO ALL EC CAPITALS 2938
AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY NICOSIA

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E.O. 11652: N/A
TAGS: EEC, TU
SUBJECT: EC FINANCIAL ASSISTANCE TO TURKEY

REFS: A) EC BRUSSELS 12595; B) ECA-252

1. EUROPEAN INVESTMENT BANK (EIB) DEPUTY DIRECTOR FOR
THIRD COUNTRY LOANS GAVE MISSION OFFICER ON DECEMBER 29
DETAILS OF LOANS EXPECTED TO BE NEGOTIATED WITH TURKEY
UNDER NEW FINANCIAL PROTOCOL. THE PROPOSED TERMS ARE
SOMEWHAT AT VARIANCE WITH DETAILS REPORTED PARA 3 OF REFTEL.
LOANS WILL BE IN TWO MAIN CATEGORIES: (A) 90 MILLION UNITS
OF ACCOUNT (U.A., ABOUT \$100 MILLION) IN ORDINARY EIB
LOANS AT RATE OF 8.5 PERCENT TO 9.5 PERCENT. MATURITY
PERIOD WOULD BE 8-12 YEARS, WITH GRACE PERIOD OF 2-5
YEARS. THESE LOANS WILL GO LARGELY TO THE INDUSTRIAL
SECTOR. (B) 220 MILLION U.A. (ABOUT \$264 MILLION) IN
SPECIAL LOANS BY EC MEMBER GOVERNMENTS, BUT ADMINISTERED
BY EIB. THESE LOANS, LARGELY FOR INFRASTRUCTURE PRO-
JECS, WILL BE AT 2.5 PERCENT, WITH 8 YEAR GRACE
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PERIOD, AND 30 YEARS MATURITY.

2. EIB OFFICIAL DOUBTED THAT ANY OF FOREGOING LOAN
MONEY WOULD BE AVAILABLE TO TURKEY BEFORE 1978,
SINCE MEMBER STATE GOVERNMENTS WILL HAVE TO RATIFY
PROPOSED FINANCIAL PROTOCOL DURING 1977. HE ALSO

NOTED THAT ONLY ABOUT 6 MILLION U.A. FROM 1970 PRO-
TOCOL REMAINS UNOBLIGATED FOR GOT TO DRAW ON. EIB
IS LIKELY TO COMMIT THESE FUNDS BY END OF 1977 (SEE
REF B). HINTON

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Message Attributes

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